

COVID-19 Small Business Guidance & Loan Resources

1. Paycheck Protection Program

Overview:

- Eligible recipients may qualify for a loan up to \$10 million determined by average monthly prior year payroll
 - i. Compensation limited to \$100K for calculations
- Loan payments will be deferred for six months
- Up to 100% forgivable if at least 75% of proceeds are used for payroll
- Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease

Who is eligible?

- Any small business with fewer than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organizations or 501(c)(19) veterans organizations affected by COVID-19
- Business in certain industries may have more than 500 employees if they meet the SBA's size standards for those industries.
- Small businesses in the hospitality and food industry with more than one location could also be eligible at the store and location level if the store employs less than 500 workers. This means each store location could be eligible

How to apply?

- This loan has a maturity of 2 years and an interest rate of 1%
- You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating
- Lenders may begin processing loan applications as soon as April 3, 2020. The program will be available through June 30, 2020.

Documentation Requirements

- Application – [SBA Form 2483](#)
- Payroll records from prior year
- Payroll includes cash compensation and non-cash compensation like health care, sick leave)
- Calculations – average monthly payroll *2.5

Use of proceeds:

- The proceeds of a PPP loan are to be used for:
 - Payroll costs (as defined in the Act and in 2.f);
 - Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
 - Mortgage interest payments (but not mortgage prepayments or principal payments)

- Rent payments
- Utility payments
- Interest payments on any other debt obligations that were incurred before February 15, 2020; and/or
- Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020
- At least 75% of expenditures from that loan should go towards payroll and costs related to it

2. SBA Debt Relief

- The SBA Debt Relief program will provide a reprieve to small businesses as they overcome the challenges created by this health crisis
- Under this program:
 - i. The SBA will pay the principal and interest of current 7(a) loans for a period of six months
 - ii. The SBA will also pay the principal and interest of a new 7(a) loans issued prior to September 27, 2020.
- Your lenders will be receiving more guidance on this program soon

3. SBA Express Bridge Loans

- If a small business has an urgent need for cash while waiting for an Economic Injury Disaster Loan decision and disbursement, they may qualify for an SBA Express Disaster Bridge Loan
- Small businesses who currently have a business relationship with an SBA Express Lender can access up to \$25,000 with less paperwork
- Help overcome the temporary loss of revenue and can be a term loan or used to bridge the gap while applying for a direct SBA Economic Injury Disaster Loan

Terms

- Up to \$25,000
- Fast turnaround
- Will be repaid in full or in part by proceeds from the Economic Injury Disaster Loan
- Maturity up to 7 years
- 50% guaranty applies
- Loans can be made up to 6 months after disaster declaration
- Only one Express Bridge Loan per applicant
- No collateral required
- Same fees apply

Assistance from SBA and Partners

- Free assistance with reconstructing financial records, preparing financial statements, and submitting the loan application is available from any of SBA's partners: Small Business Development Center (SBDCs), Score, Women's Business Center (WBC), and Veteran's Business Outreach Centers and local Chambers of Commerce
- For the nearest office, visit [ww.sba.gov/local-assistance](http://www.sba.gov/local-assistance)
- Illinois District is hosting two training sessions daily (11a and 3p)
 - www.sba.gov/il

More information concerning SBA and its programs:

www.sba.gov/coronavirus

www.sba.gov/disaster

SBA Disaster Customer Service Center

7 a to 9 p ET seven days a week

800-659-2955

disastercustomerservice@sba.gov